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1075510 - R8 SDMS

Carol: I just listened to your voice mail from the airport on Libby. I got a call today from Rafael Gonzalez, the Branch Chief in OSRTI who now manages the Priority Panel. He told me what I think Jim told you, that Troy does not need to go before the Priority Panel. Based on all our history with OSRTI on Libby, I am concerned that this is another trap for the region. The IG and the SEPW have repeatedly asked why the region has not requested adequate funds for Libby—both for the site studies and for the cleanups. We have had a difficult time providing any paper trail that shows that we have ever requested any funds greater than what we've received. This is because we have been discouraged from making written requests and all decisions regarding funding levels that are below our requested amount have been made verbally. This gives OSRTI plausible deniability, but it puts the region in an awkward spot.

We are at a critical juncture again for this site as we are now prepared for a New Start RA at the Town of Troy—OU7. You indicated that Jim says we should follow the “normal process” for funding Troy. I've been on the Priority Panel for over 10 years and here is the “normal process” for any site. RA funds are allocated at the OU, not the site, level. When work is ready to begin at a new OU, the region presents that OU to the Priority Panel for risk ranking as a New Start. (In some cases individual OU's are even broken into separate pieces for Priority Panel ranking.) The Priority Panel score places the OU into the national queue of New Starts awaiting funding. As New Start RA funds become available, the funds are provided according to the ranked queue. OSRTI does not, apparently, want to provide funding above the \$17M level. I believe that is because they know that the Troy OU will rank at the top of the queue and, therefore, get first crack at funding in FY08. By following the “normal process” they will be put in the position of either formally diverting some amount of the \$17M for OU4 to Troy, or providing additional funds for the Troy OU. In either case this will force OSRTI to make this important decision, in writing, through the “normal process.”

On the other hand, if we go along with their request to not run Troy through the “normal process”, the region will be forced into the position of appearing to concur that \$17M is the desired funding level for both OU4 and OU7. The region will have to decide how much of the \$17M for OU4 to divert to Troy, and to explain this decision to the community, the IG and the SEPW. OSRTI will be able to say that these are regional decisions in which they played no role.

Unless we are provided with a decision document from OSRTI that clearly states that they are directing us to shift x\$'s from Libby OU4 to Troy OU7, it will appear that the region has not requested any additional funds for Troy, and that we agree that the long-term funding plan was intended to provide funds for all Libby OU's. By running Troy through the “normal process” we create that paper trail of accountability and OSRTI takes responsibility for the funding decisions.

Rafael stated to me this morning that the long-term funding plan for Libby was for all OU's, and that I had presented Troy as part of the package that was reviewed at last fall's Priority Panel meeting in order to get an extension on the plan. I assume that Rafael is telling this to Jim, but it is not correct. The materials presented at that meeting, which I reviewed after speaking with him, clearly state that the funding plan addresses OU4 only. Our request was for \$24M per year for OU04 alone, but it was reduced by OSRTI to \$17M. Troy is mentioned only in passing as potential, future work pending site characterization, and not part of the long-term funding plan for

OU4.

Of course I will support whatever you and Jim agree to, but given our past history with this site, I feel obligated to explain the situation as I see it, and the risks for you and the region, if we do not take the Troy OU through the "normal process."

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